

STOCKS AND SHARES

are of fixed amount—one pound shares, ten pound shares, five shilling shares, etc., etc. A company may have a nominal capital of, say, £10,000 divided into 10,000 shares of £1 each.

Some shares are given to the promoters of a company without payment for floating the company, or in payment for a business acquired by the company from the promoters—such as when a private business is turned into a limited company.

A company does not always issue all its nominal capital. Sometimes it cannot find sufficient people to furnish all the capital, but is able to procure sufficient capital for all necessary working. Sometimes it is deemed desirable to have a reserve of unissued capital, so that if the business expands it can be issued for further working capital if and when wanted.

Somewhat similarly, a company may decide not to "call up" its capital. Shares of, say, £1 may be issued to shareholders on their paying, say 10s. per share and rendering themselves liable to the company to pay up the remaining 10s. per share on demand or at some fixed date. By this means a company can work on less than its authorised capital—knowing that if further working money should be required, the shareholders can be called upon to pay up fully their shares. The

share-
holders' liability to pay up the balance
of their
share moneys is a common law liability
and the
company can enforce it against the
shareholder by
action.

The principal shares of a company are
ordinary
shares. These share in the profits of the
company
after all prior debts and engagements
have been
met. But in the course of joint stock
company